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WILDLIFE CORRIDOR
CONSERVATION AUTHORITY

Financial Statements

Year ended June 30, 2006
(with Independent Auditors' Report Thereon)

WILDLIFE CORRIDOR CONSERVATION AUTHORITY

Financial Statements

Year ended June 30, 2006

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Mayer Hoffman McCann P.C.
An Independent CPA Firm
Conrad Government Services Division
2301 Dupont Drive, Suite 200
Irvine, California 92612
949-474-2020 ph
949-263-5520 fx
www.mhm-pc.com

Board of Directors
Wildlife Corridor Conservation Authority
Whittier, California

Independent Auditors' Report

We have audited the accompanying financial statements of the governmental activities and each major fund of the Wildlife Corridor Conservation Authority ("Authority") as of and for the year ended June 30, 2006, which collectively comprise the Authority's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2006, and respective changes in financial position and the respective budgetary comparison information for the general fund and special revenue fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Authority has not presented *Management's Discussion and Analysis* that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2006 on our consideration of the Authority's internal controls over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Mayer Hoffman McCann P.C.

Irvine, California
October 27, 2006

WILDLIFE CORRIDOR CONSERVATION AUTHORITY

Statement of Net Assets

June 30, 2006

	<u>Governmental Activities</u>
Assets:	
Cash and investments (Note 2)	<u>\$ 4,142</u>
Total assets	<u> 4,142</u>
Net assets:	
Unrestricted	<u> 4,142</u>
Total net assets	<u><u>\$ 4,142</u></u>

See accompanying notes to the basic financial statements.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY

Statement of Activities

Year ended June 30, 2006

		<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Governmental Activities</u>
Governmental activities:			
Community development	<u>\$ -</u>	<u>3,000</u>	<u>3,000</u>
Total governmental activities	<u><u>\$ -</u></u>	<u><u>3,000</u></u>	<u><u>3,000</u></u>
	Change in net assets		3,000
	Net assets, beginning of year		<u>1,142</u>
	Net assets, ending		<u><u>\$ 4,142</u></u>

See accompanying notes to the basic financial statements.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY

Governmental Funds
Balance Sheet

June 30, 2006

	<u>General Fund</u>
Assets:	
Cash and investments	<u>\$ 4,142</u>
Total assets	<u><u>\$ 4,142</u></u>
 Fund balances:	
Unreserved, undesignated	<u> 4,142</u>
Total fund balances	<u> 4,142</u>
Total liabilities and fund balances	<u><u>\$ 4,142</u></u>

See accompanying notes to the basic financial statements.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY

Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2006

	General Fund
Revenues:	
Intergovernmental	<u>\$ 3,000</u>
Total revenues	<u>3,000</u>
Expenditures:	
Current:	
Community development	<u>-</u>
Total expenditures	<u>-</u>
Net change in fund balances	3,000
Fund balances, beginning	<u>1,142</u>
Fund balances, ending	<u><u>\$ 4,142</u></u>

See accompanying notes to the basic financial statements.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
Year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	<u>\$ 3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Expenditures:				
Current:				
Postage	850	850	-	850
Travel	300	300	-	300
Miscellaneous operating	<u>2,275</u>	<u>2,275</u>	<u>-</u>	<u>2,275</u>
Total expenditures	<u>3,425</u>	<u>3,425</u>	<u>-</u>	<u>3,425</u>
Net change in fund balances	(425)	(425)	3,000	3,425
Fund balances, beginning	<u>1,142</u>	<u>1,142</u>	<u>1,142</u>	<u>-</u>
Fund balances, ending	<u><u>\$ 717</u></u>	<u><u>717</u></u>	<u><u>4,142</u></u>	<u><u>3,425</u></u>

See accompanying notes to the basic financial statements.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY

Notes to the Basic Financial Statements

Year ended June 30, 2006

(1) Summary of Significant Accounting Policies

(a) Organization

The Wildlife Corridor Conservation Authority ("Authority") was organized on November 1, 1994 under the provisions of the Joint Exercise of Powers Act of the Government Code of the State of California. The purpose of the Authority is to provide for the proper planning, conservation, environmental protection, and maintenance of the habitat and wildlife corridor between the Whittier-Puente Hills and the Cleveland National Forest in the Santa Ana Mountains. The members consist of the cities of Diamond Bar, Brea, La Habra Heights, Whittier, and the Santa Monica Mountains Conservancy.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all the nonfiduciary activities of the Authority. The Authority's activities are supported by operating fees from participating agencies. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

Fund Financial Statements

Government fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY

Notes to the Basic Financial Statements

Year ended June 30, 2006

(1) Summary of Significant Accounting Policies, (Continued)

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation, (continued)

For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Authority reports the following major governmental fund:

The General Fund is used to account for all financial resources except those required to be accounted for in another fund.

(c) Annual Budgets

The Authority adopts an annual budget prepared on the modified accrual basis of accounting for its General Fund.

(d) Cash and Investments

Investments are reported in the accompanying balance sheet at fair value, except for non-participating certificates of deposit and investment contracts that are not transferable and that have terms that are not affected by changes in market interest rates. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

(e) Capital Assets

Capital assets are recorded as expenditures in the governmental fund types at time of purchase. Assets with an initial cost of more than \$1,500 are capitalized at cost. In the case of acquisitions through gifts or contributions, such assets are recorded at fair market value at the time received. As of June 30, 2006, the Authority had no capital assets.

WILDLIFE CORRIDOR CONSERVATION AUTHORITY

Notes to the Basic Financial Statements

Year ended June 30, 2006

(1) Summary of Significant Accounting Policies, (Continued)

(f) Use of Estimates

The financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

(2) Cash and Investments

Cash and investments as of June 30, 2006 are classified in the accompanying financial statements as follows:

Statement of net assets:

Cash and investments	<u>\$4,142</u>
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Total cash and investments	<u>\$4,142</u>
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Cash and investments as of June 30, 2006 consist of the following:

Deposit	<u>\$4,142</u>
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Total cash and investments	<u>\$4,142</u>
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WILDLIFE CORRIDOR CONSERVATION AUTHORITY

Notes to the Basic Financial Statements

Year ended June 30, 2006

(2) Cash and Investments, (Continued)

Investments Authorized by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for the authority by the California Government Code and the Authority's investment policy. The table also identifies certain provisions of the California Government Code (or the Authority's investment policy, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investment of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the Authority, rather than the general provisions of the California Government Code or the Authority's investment policy.

<u>Investment Types Authorized by State Law</u>	<u>Authorized By Investment Policy</u>	<u>*Maximum Maturity</u>	<u>*Maximum Percentage Of Portfolio</u>	<u>*Maximum Investment In One Issuer</u>
Local Agency Bond	Yes	5 years	60%	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	20%	10%
Negotiable Certificates of Deposit	Yes	5 years	15%	None
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	3 years	20%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Fund	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

*Based on state law requirements or investment policy requirements, whichever is more restrictive.

As of June 30, 2006, the Authority held all unexpensed funds in a collateralized bank account.



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Conrad Government Services Division

2301 Dupont Drive, Suite 200

Irvine, California 92612

949-474-2020 ph

949-263-5520 fx

www.mhm-pc.com

Board of Directors
Wildlife Corridor Conservation Authority
Whittier, California

**REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the Wildlife Corridor Conservation Authority as of and for the year ended June 30, 2006, and have issued our report thereon dated November 10, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Wildlife Corridor Conservation Authority are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Wildlife Corridor Conservation Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors and management of the Wildlife Corridor Conservation Authority and is not intended to be and should not be used by anyone other than these specified parties.

Mayer Hoffman McCann P.C.

Irvine, California
October 27, 2006